

{As Prepared for Delivery}

**AgSTAR Digester Conference
Madison, Wisconsin
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**Thomas C. Dorr
Under Secretary for Rural Development
Keynote Speech**

Good morning, and thank you, Kurt, for that very kind introduction. It is great to be here. I have -- as some of you might already have surmised -- a genuine personal interest in our topic today.

So let me begin by noting that the title of this conference, “Anaerobic Digestion for Livestock Waste Management and Energy Production,” is a little antiseptic for the matter at hand.

It’s accurate but it sounds like it was written by an economist or engineer, surely not a farmer.

As a lifelong farmer from Marcus, Iowa, my reaction to modern digester technology is more along the lines of “Glory, hallelujah, it’s about time and where was this stuff 30 years ago?”

I do have a serious 30 year working relationship with hog manure pits, and I can't tell you how much I envy young people just getting into the business today.

This is a big deal. You're going to hear a lot today from some very expert people about the technology, which is getting better all the time ... about the environmental issues, which are very significant ... about the Methane to Markets partnership, which has enormous growth potential both here and abroad ... and about much else.

I wear a somewhat different hat. I represent USDA Rural Development and serve currently as the Chairman of the USDA Energy Council.

In that capacity, it is a high privilege for me, on behalf of President Bush, Secretary Johanns, and a great team at USDA Rural Development, to join you today to discuss anaerobic digesters ...

... and, more broadly, the potential of new energy sources for driving investment and growth in rural America.

I should acknowledge at the outset that these issues are much bigger than any of us individually. Partnership is the order of the day.

I am therefore grateful to EPA for giving me the opportunity to be here.

We help finance digester projects -- 92 of them to date, so we are one of the major players -- but we couldn't do it without EPA's assistance on technical evaluations.

On another front, we have a working arrangement with DOE and NRECA on interconnection issues related to linking distributed renewable energy sources to the rural electric grid.

We also partner with the Department of Energy on a number of energy-related projects.

In fact, energy engages us -- all of us -- on many fronts:

- **It involves urgent national security issues.**
- **It is a critically important economic policy question.**
- **It has significant environmental implications.**

- **And from our perspective at USDA Rural Development, it raises some very exciting potentials for the farm and rural economies – for wealth creation in rural America.**

All of these factors converge. As Alex Karsner put it recently -- he's the Assistant Secretary for Energy Efficiency and Renewable Energy at DOE, so we steal each other's material on speeches – “We know where all the tracks are heading and we know the destination we must reach. The only questions are the rate of speed we are moving and the ultimate cost of the ticket.”

There are two reasons the train has left the station on renewable energy: markets and leadership.

Frankly, we've been talking a good game on renewable energy in this country for over 30 years, going back to the first oil embargo in 1973. This has been a bipartisan concern. Obviously there have been some differences, with conservatives being more oriented towards markets and the production side of the equation, and liberals being more

comfortable with regulatory controls. You can pick your own side of that debate.

But it is fair to say that the concern about America's dependence on imported oil has been shared across the board, in one way or another, by every President and Congress from Richard Nixon forward.

That said, the fact remains that talking is one thing, and doing is another. Despite all the speeches, all the politics, all the lines we've drawn in the sand, our import dependence has grown relentlessly.

The reason is simple. For many years, oil remained relatively cheap. At \$20-30 a barrel it priced most of the alternatives off the market. \$60, \$70, and \$75 a barrel oil changes everything.

Obviously, high oil prices are a tremendous burden to motorists, farmers, truckers, manufacturers -- just about everyone. If I could wave a magic wand and bring back \$20 a barrel oil, I would.

Let me tell you... I can think of about 3 BILLION reasons that's not likely to happen.

In barely more than a decade, we've seen the fall of the Berlin Wall and the liberation of Eastern Europe and the former Soviet Union. In the same time period, we've seen China and India join the world market economy and transform themselves into formidable competitors.

That adds up to about 3 billion people – half the human race -- who ten years ago weren't even in the game – but who are today bidding against us for oil, and everything else.

Don't misunderstand me here. What we have seen in the last decade is the greatest explosion of economic freedom and opportunity in human history. The world is a vastly more productive – and competitive – place than it was 10 or 15 years ago.

Certainly that imposes some pressures on us. Competition always does. The transition isn't always going to be easy. But half the human race escaping destitution ... achieving some modest degree of prosperity ...

and for the first time in history realizing some hope for a better future for the average person is a good thing, not a bad thing. We need to keep that in perspective.

But we also need to look to our own response in a serious and prudent manner. New sources of energy are needed, and urgently.

Fortunately, one of those who “gets it” is President Bush. I have known George Bush for several years going back before his election in 2000.

- **From a personal perspective, I can tell you that he is NOT a latecomer to this issue – this is something he’s been talking about since well before he threw his hat in the ring.**
- **He has an energy background himself ... he’s sensitive to the issues ... and he’s willing to act to reduce our dependence on imported oil. He’s willing to lead.**

- **It's not surprising, therefore, that he made a comprehensive energy bill a first order of business in 2001, immediately after his election. And he stayed with it.**
- **Other issues arose -- the dot.com bust, the corporate accounting cleanup, the September 11 attacks, recession, the war on terror. Through it all, President Bush hung tough on the energy bill.**
- **For almost 5 years, the narrow partisans and single issue lobbies blocked passage. But President Bush persevered, and last summer Congress finally passed the Energy Bill.**
- **It didn't do everything the President had sought, but it did a lot. We have some important new tools. And no sooner did Congress pass it than the President was back with a call for an Advanced Energy Initiative on everything from fuel cells to clean coal to cellulosic ethanol, wind, and biodiesel. That's where we are today.**

In short, there is a commitment in this White House to seriously address problems and opportunities in energy. And there obviously is enough work to go around.

At USDA Rural Development alone, from 2001 through 2005 we invested over \$356 million in renewable and energy efficiency projects. Those federal dollars have leveraged over \$1 ¼ BILLION in private funds devoted to a total of 650 projects. We have made over \$1 billion available for energy related projects this year as well.

The 92 anaerobic digester projects we funded through 2005 represent about 9 percent of our renewable energy investment over that period. They are a significant piece of the total.

The remainder includes everything from ethanol and biodiesel to wind, solar, landfill gas, and geothermal.

Some of you, in fact, may be partnering with us in these areas as well.

You don't have to be an old Iowa farmer to know that ethanol, biodiesel, and methane go together like corn, soybeans, and hogs – and if you want to put up a wind turbine while you're at it, we'll help you with that too.

The bottom line is alternative fuels are taking off. In fact, although old habits die hard, I try to avoid saying “alternative fuels” at all. They’re mainstream.

Ethanol production reached 4 billion gallons last year, well ahead of the pace to meet the 7.5 billion gallon Energy Act target well ahead of schedule.

The probable commercialization of cellulosic ethanol a few years down the road will slash costs and open wide the door to the use of agricultural and forest waste as well as new feedstocks like switchgrass. The potential is enormous.

DOE estimates that wind energy can generate 6% of U.S. electricity by 2020 – and that estimate is before President Bush’s proposed new investments in research in the Advanced Energy Initiative.

Biodiesel production has soared from 5 million gallons in 2001 to 25 million gallons in 2004 to 75 million gallons last year. The growth curve is incredible.

The bottom line, therefore, is that new energy sources are taking off across the board. You are here today to focus on anaerobic digesters, but you are just the tip of the iceberg.

What you are doing here today is profoundly important – not just for those of us in the corn, soybeans, and hogs business, but for the nation as a whole.

This is exciting. We are in the process of shifting to a new resource base. There are challenges, but also immense opportunities. The people in this room are making this happen, and it is privilege to have the opportunity to work with you. Thank you.